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STYLES OF LEADERSHIP

The author discusses various means of coping with a situation which most accountants must face daily—how to effectively serve in a leadership role.

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Whether you are a supervisor of one person or twenty; a committee chairman or the president of an ASWA chapter; you need to practice good leadership. You know that good leadership is the building of an effective work force and motivating each member of it to turn in his best performance. You know the leader must stimulate the members of the organization to undertake the work required and that he, or she, has primary responsibility for initiating and guiding work toward the accomplishment of organization objectives.¹ In a business environment, the objective to be achieved is often the maximization of profits. In a voluntary professional organization, the goals or objectives differ, but there still are goals—goals that are too large and complex to be executed by a single person.

Flippo defines management as the planning, organizing, directing, and controlling of the enterprise's operations so that objectives can be achieved economically and effectively.² Planning is the specification of goals and means; organizing is concerned with developing a framework or organization chart; directing is concerned with stimulating the organization to undertake action along the lines of the plans; and control is the regulating of whatever action results from direction. The third major function of management, directing, includes the initiation of action in accordance with developed plans. Leadership is a major element in this initiation. This article examines the styles and various aspects of leadership.

Styles of leadership exist which rest on the locus of decision making. Such styles can be categorized as autocratic, participative, and laissez-faire.

The Autocrat

In autocratic, also called authoritarian or leader centered, the decision making is located solely with the leader. Flippo states that autocrats can be classified as three types: the hard-boiled, the benevolent, and the manipulator.³ The hard-boiled autocrat gives the orders and the subordinates take them. He makes use of negative influences. The benevolent autocrat uses the techniques of positive leadership. He makes ample use of praise to achieve acceptance of his decisions. The manipulative autocrat makes the subordinates feel that they are participating in decision making even though the manager is pulling the strings. These authoritarian patterns, or management by direction and control, have deep roots in long and successful experience of diverse organizations—especially the church and the military. The assumptions behind this view of management have been well expressed by the late Douglas McGregor's "Theory X".

1. The average human being has an inherent dislike of work and will avoid it if he can.
2. Because of this human characteristic of dislike of work, most people must be coerced, controlled, directed, threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
3. The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, wants security above all.⁴

These assumptions about human behavior

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indicate that the boss never really trusts his subordinates . . . he carefully limits the amount of responsibility and information he gives them. Management by centralized direction and control “gets results,” and some managers believe that people would rather have autocratic leaders, though preferably benevolent ones.⁵ This style of leadership tends to stifle the initiative of subordinates and reduces the possibility of innovations which might increase productivity.⁶

Participative Leadership

The second style of leadership, participative, emphasizes the principle of mutual responsibility and shared objectives. Pigors and Myers emphasize that high standards of performance are expected, but a maximum of external controls and incentives is supplemented by self-imposed controls, by enlistment in organizational goals, and by a high degree of self-direction.⁷ With this style of management, discussion of company objectives is an important way to attain cooperative action. “Management by objective and self control” is the way Peter Drucker has described this approach.⁸

The participative leader cannot share all of his decisions; but, when possible, he consults with the subordinates and attempts to share some of the decision making responsibility with them. He usually has a higher estimate of his subordinates than the autocrat. Flippo states that the participative leader attempts to develop a general sense of responsibility for the accomplishment of group goals, using both praise and criticism, but he does this objectively and in relation to clear job assignments.⁹ The ultimate responsibility for the decision rests with the leader; only the decision making is shared.

McGregor expressed the implications of this alternative concept of management as follows:

Above all, the assumptions of Theory Y point up the fact that the limits on human collaboration in the organizational setting are not limits of human nature but of management's ingenuity in discovering how to realize the potential represented by its human resources. Theory X offers management an easy rationalization for ineffective

organizational performance: it is due to the nature of the human resource with which we must work. Theory Y, on the other hand, places the problems squarely in the lap of management. If employees are lazy, indifferent, unwilling to take responsibility, intransigent, uncreative, uncooperative, Theory Y implies that the cause lies in management's method of organization and control.¹⁰

In McGregor's Theory Y the assumptions about human behavior are expressed as follows:

1. The expenditure of physical and mental effort in work is as natural as play or rest. The average human being does not inherently dislike work. Depending upon controllable conditions, work may be a source of satisfaction (and will be voluntarily performed) or a source of punishment (and will be avoided if possible).
2. External control and the threat of punishment are not the only means for bringing about effort toward organizational objectives. Man will exercise self-direction and self-control in the service of objectives to which he is committed.
3. Commitment to objectives is a function of the rewards associated with their achievement. The most significant of such rewards, e.g. the satisfaction of their ego and self-actualization needs, can be direct products of efforts directed toward organizational objectives.
4. The average human being learns under proper conditions not only to accept but to seek responsibility. Avoidance of responsibility, lack of ambition, and emphasis on security are generally consequences of experience, not inherent human characteristics.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
6. Under conditions of modern industrial life, the intellectual potentialities of the average human being are only partly utilized.¹¹

Random — “Arising from chance alone, in contrast with haphazard or systematic; . . . randomization requires careful planning to make certain that only chance elements are present, or that bias, if present, or introduced, is known and measurable.”

*“A Dictionary for Accountants,”
Eric L. Kohler*

These assumptions of Theory Y underlie participative management. The concept is based on the belief that the most effective way to get results is to work with people, rather than through them. Many years ago Mary Parker Follett called this "co-action" as contrasted with coercion.¹²

The Laissez-faire Leader

The third style of leadership, laissez-faire, refers to a leader who does not wish either to make decisions alone or to merely ask for advice. He gives little or no direction and allows his subordinates a great deal of freedom. He leads with a very loose rein and uses little or no formal structuring. Often he attempts to pass the responsibility for decision making to the group.

Of the three styles of leadership, laissez-faire is the slowest and likely to be the least effective. The traditional concept (management by centralized direction and control) and the alternative personnel concept (management by objective and self control) can be considered as points at each end of a continuum—ranging from little or no participation in decision making by subordinates at one extreme to considerable participation at the other end. What kind of theory do you advocate—Theory X (little participation) or Theory Y (much participation)?

Motivation

Regardless of his style, the leader must deal with two major aspects of leadership—motivation and delegation.

One of the central problems of any organization is to motivate its members to work for the organization's overall objectives.¹³ If the leader is to motivate in a positive manner, he must have available a series of rewards that subordinates value. To have value, the rewards must be effectively related to organizational goals. Flipppo's list of various rewards that have been used in organizations include (1) judicious use of praise, (2) public recognition of accomplishments, (3) delegation of more responsibility, (4) development of an atmosphere that suggests productivity and creativity, (5) a sincere interest in the people with whom one works, (6) competition, (7) information, (8) money, (9) security, (10) participation.¹⁴

Although it is not difficult to understand the theory behind each of these rewards, their application in particular situations is an art that requires experience. Perhaps the first two—praise and public recognition—are the most useful rewards in voluntary professional organizations. Those two, plus the additional eight, are useful in influencing and motivating em-

ployees in business organizations.

Delegation

Another aspect of leadership is delegation. In some areas a supervisor makes decisions by himself, and in other areas he delegates to his subordinates. Strauss and Sayles state, "In applying delegation a manager makes relatively few decisions by himself and frames his orders in broad general terms."¹⁵ Delegation gives each subordinate a sense of being his own boss and exercising control over his own work environment.

Delegation is feasible only when the superior is assured that the subordinate will make decisions which are adequate from the viewpoint of the organization. Four substitutes for close supervision used by leaders are rules, goals, indoctrination, and technology.

Rules set up standard operating procedure and make it unnecessary for every decision to be referred to the supervisor. Goals avoid the necessity for either making specific decisions or laying down detailed rules. Subordinates are given a definite assignment in terms of the results expected. Strauss and Sayles state, "Typically, when supervision by goal-setting is practiced, management interferes very little, so long as the goals are met, except perhaps to give subordinates praise, promotion, or some financial reward. Only when serious trouble develops does higher management step in."¹⁶

Indoctrination, the full acceptance of the goals and values of the organization, makes it easier to delegate authority. Highly indoctrinated individuals tend to think in the same terms and make their decisions on the basis of the same premises as their supervisors. Often indoctrination is different and less effective in a business organization than in a nonprofit institution.

Technology refers to the rearrangement of jobs so as to reduce the number of "human orders." Often the nature of the work to be done restricts subordinates in much the same way as do direct orders, rules, and other supervisory techniques.¹⁷

There is some evidence that close supervision, as well as the four substitutes for close supervision, is most effective where the job is challenging, where the work cycle is long, and where there is an opportunity for intrinsic job satisfaction. If there is little opportunity for creativity and internalized motivation, subordinates are less likely to perform effectively when left by themselves.¹⁸

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"Don't Be Too Sure," Robert M. Trueblood, *The Journal of Accountancy*, Vol. 133, No. 2, February 1972.

"The wish for easy solutions is not a phenomenon just of this time nor only of the accounting profession." Mr. Trueblood decries man's desire for absolutes and for simple solutions to complex questions. He mentions that the accountant's concerns for absolutes are misguided both in education and in the setting of accounting principles. "While total education should be balanced, it does not follow that collegiate education—which is only a brief part of the total education process—must necessarily be balanced within itself."

M.E.D.

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Delegation is not only possible if subordinates are given some sort of direction, it has several advantages. Strauss and Sayles list the advantages as:

1. Few supervisors have the time to handle both their own job and the jobs of their subordinates.
2. A subordinate can take pride in results that are directly attributable to his own judgment.
3. Delegation helps to develop the talents and abilities of subordinates.¹⁹

¹Edwin B. Flippo, *Management: A Behavioral Approach*, 2nd edition, Allyn and Bacon, Boston, 1970, p 276.

²Flippo, p 4.

³Flippo, p 290.

⁴Douglas McGregor, *The Human Side of Enterprise*, McGraw-Hill Book Company, New York, 1960, pp 33-34.

⁵Robert N. McMurry, "The Case for Benevolent Autocracy", *Harvard Business Review*, Vol. 36, No. 1, pp 82-90, January-February, 1958.

⁶Paul Pigors and Charles A. Myers, *Personnel Administration—A Point of View and A Method*, 6th edition, McGraw-Hill Book Company, 1969, p 10.

⁷Pigors and Myers, p 12.

⁸Peter F. Drucker, *The Practice of Management*, Harper & Row, Publishers, Incorporated, New York, 1954, chapter 11.

Trueblood envisions that a financial statement which includes a range of figures may be of infinitely more use to readers than one which produces final figures which fall on a point. Total assets and net income might well be stated "as 10 million plus or minus 20 percent or some such percentage."

Mr. Trueblood suggests that we should begin with a simple model, an absolute. From this, more complex models can be developed to make the report more realistic. He suggests that accounting is now ready to enter a new stage in which accountants "will better state and more realistically describe the complexities of the real business world."

In Conclusion

The essential differences between the traditional (authoritarian) and the alternative personnel concept of management (participative) are assumptions about human behavior and the consequent difference in leadership patterns and organizational structure. There is no difference between the concepts in the final responsibility of management.²⁰ The leader's concept about human behavior also affects his means of motivating and his ability to delegate.

What form is best? It depends on the leader, the led, and the situation—the best leader is the one who is sensitive to the needs of the situation and adjusts his style of management accordingly.

⁹Flippo, p 291.

¹⁰McGregor, p 48.

¹¹McGregor, pp 47-48.

¹²Mary Parker Follett, *Creative Experience*, Longmans, Green & Co., Inc., New York, 1924, p XIII.

¹³George Strauss and Leonard R. Sayles, *Personnel: The Human Problems of Management*, 2nd edition, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1967, p 145.

¹⁴Flippo, p 287.

¹⁵Strauss and Sayles, p 146.

¹⁶Strauss and Sayles, p 155.

¹⁷Strauss and Sayles, p 158.

¹⁸Strauss and Sayles, p 166.

¹⁹Strauss and Sayles, p 149.

²⁰Pigors and Myers, p 12.